

Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 1625

USDOC WASHDC

INFO AMEMBASSY VIENNA

AMEMBASSY MOSCOW

AMEMBASSY BUDAPEST

AMEMBASSY BUCHAREST

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

AMEMBASSY BERLIN

AMEMBASSY LONDON

C O N F I D E N T I A L SOFIA 1760

E.O. 11652: GDS

TAGS: EEWT, BTRA, BU

SUBJECT: GENERAL MOTORS GROUP VISITS BULGARIA

REF: SOFIA A-42, JULY 12, 1976

1. SUMMARY: GM GROUP LED BY OVERSEAS OPERATIONS GENERAL
MANAGER CUNNINGHAM WAS REGALLY RECEIVED IN BULGARIA.
UMBRELLA AGREEMENT WAS SIGNED AND VARIETY OF SPECIFIC
PROPOSALS EXPLORED WITHOUT, AS YET, MAJOR TANGIBLE SPECIFICS.
PUBLIC SHOW OF BULGARIAN/GM AMIABILITY MIGHT HAVE BENEFICIAL
DEMONSTRATION EFFECT ON BROADER RELATIONS. END SUMMARY.

2. GENERAL MOTORS DELEGATION INCLUDING ALEXANDER CUNNINGHAM,
VICE PRESIDENT OF GM AND GENERAL MANAGER OF GM OVERSEAS
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OPERATIONS; JOHN MCCORMACK, GENERAL DIRECTOR, EUROPEAN

OPERATIONS, GM OVERSEAS CORPORATION (GMOC); P.G. NEWTON, GMOC EASTERN EUROPE REGIONAL MANAGER; AND C. THOMAS KRAUSE, GMOC DIRECTOR OF SOURCE DEVELOPMENT VISITED BULGARIA AUGUST 11-14 AS GUESTS OF GOB. THEY WERE RECEIVED (IN ABSENCE IN USSR OF TODOR ZHIVKOV) BY PRIME MINISTER STANKO TODOROV AND OTHER KEY OFFICIALS, WITH TELEVISION CAMERAS WHIRRING AND FRONT-PAGE COVERAGE IN BULGARIAN PRESS. A GENERAL UMBRELLA AGREEMENT WAS SIGNED IN VARNA AUGUST 13.

3. CUNNINGHAM TOLD AMBASSADOR AT END OF VISIT THAT, ALTHOUGH NO SPECIFIC DEALS HAD BEEN CONCLUDED, GM WAS SATISFIED THAT VISIT PROVIDED SOUND BEGINNING TO POTENTIAL ONGOING PROFITABLE RELATIONSHIP WITH BULGARIA. CUNNINGHAM STRESSED THAT GM WAS NOT INTERESTED IN SELLING TECHNOLOGY HERE.

4. GM WISHES TO SELL BEDFORD AND/OR US TRUCKS TO EXPANDING BULGARIAN FLEET, EARTHMOVING EQUIPMENT MANUFACTURED IN SCOTLAND, AND, IN GENERAL, TO USE BULGARIA AS ACCESS ROUTE TO OTHER COMECON MARKETS. CUNNINGHAM SAID HE SAW BULGARIA AS "POTENTIAL BACKDOOR TO USSR". GM/GOB AGREEMENT PROVIDES FOR GM SERVICE NETWORK IN BULGARIA AND GOB TOLD GM OF NEW LEGISLATION BEING PREPARED TO PERMIT WESTERN-MANUFACTURED VEHICLES TO BE PURCHASED IN BULGARIA WITH HARD CURRENCY. GM IS TESTING BULGARIAN FORK LIFT TRUCKS AND IS CONSIDERING POSSIBILITY OF BULGARIA PRODUCING COMPONENTS FOR GM VEHICLES PRODUCED IN EUROPE. GM AGREED TO SHIP SOME GM PRODUCTS ON BULGARIAN TRANSPORT ACROSS EUROPE. GM AND GOB ALSO AGREED TO OPEN "EVIDENCE ACCOUNT" WITH MORGAN-GUARANTY TRUST.

5. MINISTRY OF FOREIGN TRADE DEPUTY DIRECTOR GENERAL EVTIMOV TOLD EMBOFF AUGUST 17 THAT GOB WAS VERY SATISFIED WITH RESULTS OF VISIT BY WHAT HE CALLED "HIGHPOWERED DELEGATION FROM SECOND BIGGEST AMERICAN COMPANY," NOTING THAT GOB WAS AWARE OF SYMBOLIC SIGNIFICANCE OF VISIT. HE STRESSED, HOWEVER, THAT GM/GOB AGREEMENT WAS "FIRST STEP" ONLY AND THAT IN LONG RUN, BULGARIA WOULD BE VERY INTERESTED IN WHAT GM COULD BUY OF BULGARIAN PRODUCTION, AS WELL AS QUALITY OF WHAT GM WAS SELLING.

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6. COMMENT: GM GROUP, DESPITE THEIR AND BULGARIANS' VERY EVIDENT INTEREST IN WORKING TOGETHER, ARE FULLY AWARE OF PROBLEMS INVOLVED, ESPECIALLY NEED TO FIND SOMETHING USEFUL TO BUY FROM BULGARIANS TO START THE FLOW, A NOT INSUBSTANTIAL BARRIER. FROM VIEWPOINT OF GENERAL US INTERESTS, PRIMARY VALUE OF VISIT WAS DEMONSTRATION EFFECT TO OTHER BULGARIANS, AT ALL LEVELS OF PARTY AND GOVERN-

MENTAL STRUCTURE, OF SEEING THEIR CHIEFS MINGLING WITH
AND SMILING AT REPRESENTATIVES OF ONE OF THE MORE PROMINENT
EMBODIMENTS OF WESTERN CAPITALISM.
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